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EXHIBIT 1

Column by Congressman Nick Smith - November 23, 2003

A Medicare Showdown

The House passed a deeply flawed Medicare prescription drug bill by a vote of 220-215 at 6:00am, November 22. Votes in the House usually last 15 minutes plus a traditional two minute cushion. But because the leadership did not have the votes to prevail, this vote was held open for a record two-hours-and-51-minutes as bribes and special deals were offered to convince members to vote yes.

I was targeted by lobbyists and the congressional leadership to change my vote, being a fiscal conservative and being on record as a no vote. Secretary of Health and Human Services Tommy Thompson and Speaker of the House Dennis Hastert talked to me for a long time about the bill and about why I should vote yes. Other members and groups made offers of extensive financial campaign support and endorsements for my son Brad who is running for my seat. They also made threats of working against Brad if I voted no. Brad heard about what was going on and called me to say he didn't want to get to Congress that way and that I should do the right thing. That added to my resolve.

I told all those urging a yes vote the same thing: This bill will lead to explosive new costs and huge unfunded liabilities that will unfairly burden future generations. The current unfunded liability for Medicare is about \$14 trillion in current dollar value. Adding the new Medicare drug provision increases the unfunded liability by \$7.6 trillion for a total of \$21.6 trillion in today's dollars. The bill promised trillions in new benefits with no idea how to pay for them other than passing the bill to future generations.

A universal benefit is also unnecessary right now. It would have been sufficient to help those who are going without. The National Center for Policy Analysis estimates that under this bill, only one of every 16 dollars spent helps purchase drugs for seniors who would otherwise have gone without them. In fact, 74 percent of seniors have some drug coverage now. That is why about a fifth of the cost of the bill is paid to employers if they don't drop the benefit. The bill will result with millions of Americans losing part of their existing coverage. As drug costs increase, more and more companies will drop their drug coverage and force retirees into the government program.

If that happens, it will reduce coverage for many. I find that many seniors are surprised by how little coverage is provided under this bill. The premium is expected to be \$35 a month. Then there's a deductible on the first \$275 of drugs purchased every year. After that, the senior pays 25 percent of their drug costs between \$275 and \$2200, and then there is no coverage at all between \$2200 in expenses up to \$5044. Above that the government will pay 95 percent, but that still means that seniors will have to pay \$4020 of their first \$5044 of drugs with this bill.

I think that we have a problem with some people who can't afford drugs. We can deal with that problem with a much smaller, cheaper, and efficient program. I have also supported other approaches to cutting drug costs, such as safe and regulated re-importation of American drugs from Canadian and European markets, increased access to lower cost generic drugs, and controls on unreasonable medical malpractice costs. In the end, asking young workers to pay for more and more senior benefits is not good long-term policy. Instead, we need to make the case for reasonable change in both Social Security and Medicare.